

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1461 – HB 1678

February 8, 2014

SUMMARY OF BILL: Deletes all current requirements on school bus service life and inspections. Authorizes school buses to be used without limitation on mileage or service years provided the bus passes an annual inspection performed by the Department of Safety and Homeland Security (DOS). Requires bus owners to maintain maintenance and safety records performed from its in-service date and for these records to be made available to the Commissioner of Safety or their designee at any time. Authorizes inspectors to remove buses from the road until required repairs are made or remove buses from service if the maintenance is not performed or the inspector considers further use of the bus to be unsafe. Requires the steering, brakes, and exhaust systems of all conventional buses over 12 years of service, and such systems of Class D buses with over 15 years of service, to be reconditioned or repaired prior to further use. Requires a maintenance log to be kept of all service performed. Encourages local boards of education to use federal funds to retrofit diesel school buses to improve cabin air quality and lower emissions. Authorizes the Commissioner of Safety to promulgate rules and regulations on school bus safety inspections

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Exceeds \$259,700/FY14-15 and Subsequent Fiscal Years

**Decrease Local Expenditures – Net Impact -
Exceeds \$22,464,700/FY14-15 and Subsequent Fiscal Years/Permissive**

Other Fiscal Impact – If transportation costs decrease as a result of local education agencies (LEAs) choosing not to purchase new or used school buses, the Basic Education Program (BEP) funding formula may generate less funding over time, thus decreasing state and local BEP expenditures. The impact of any decrease in BEP funding will occur three years after any BEP funding formula adjustment since the BEP transportation component is funded on a three-year average. Based on information provided by the Department of Education, the decrease is reasonably estimated to exceed \$10,000,000.

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Assumptions:

- DOS will no longer collect an additional inspection fee for certain school buses. DOS collected \$259,700 in additional inspection fees in FY12-13.
- The decrease in state revenue in FY14-15 and subsequent fiscal years is estimated to exceed \$259,700.
- The decrease in local expenditures for the additional inspection fees is estimated to exceed \$259,700 in FY14-15 and subsequent fiscal years.
- No decrease in DOS personnel as a result of fewer inspections being performed.
- The Department of Education (DOE) estimates there are 543 buses that would be replaced under current law.
- According to DOE, the average cost for a bus is \$85,000. If local governments elect not to purchase 273 buses as a result of this bill (approximately 50 percent of all buses that are estimated to be replaced) in FY14-15, the permissive decrease in local expenditures is estimated to be \$23,205,000 ($\$85,000 \times 273$).
- Annual local expenditures for bus maintenance may increase as a result of extending the service life of buses. It is reasonably estimated that the permissive increase in maintenance expenditures will be at least \$1,000,000 annually statewide; further it is assumed that the cost for maintenance is less than the cost to purchase a new bus.
- The net decrease in permissive local expenditures in FY14-15 and subsequent fiscal years is estimated to exceed \$22,464,700 [$(\$23,205,000 + \$259,700) - \$1,000,000$].

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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